

Message Text

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PAGE 01 STATE 144700
ORIGIN EB-08

INFO OCT-01 EUR-12 IO-13 ISO-00 STR-07 COME-00 CIAE-00
INR-10 NSAE-00 AID-05 CEA-01 OMB-01 TRSE-00 ICA-11
SS-15 SP-02 PA-01 AGRE-00 NSC-05 /092 R

DRAFTED BY EB/OT/GCP: S LYNN

APPROVED BY EB/OT. S AHMAD

STR - D COOPER (SUB)

EUR/SE - E MARCOTT (INFO)

-----108808 080947Z /23

R 072304Z JUN 78

FM SECSTATE WASHDC

TO USMISSION GENEVA

INFO AMEMBASSY ANKARA

AMEMBASSY BRUSSELS

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USMTN, USEEC

E.O. 11652: N/A

TAGS: ETRD, MTN, US,TU

SUBJECT: TURKEY AND THE MTN

1. MR. NURES, COUNSELLOR OF THE TURKISH :MBASSY, CALLED ON THE DIRECTOR OF THE OFFICE OF TRADE (AHMAD) ON JUNE 6 TO DISCUSS THE MTN. HE EXPLAINED THAT ALTHOUGH HE WAS ONLY REPEATING WHAT HAD ALREADY BEEN SAID TO OUR EMBASSY IN ANKARA AND OUR MTN DEL IN GENEVA, THE MTN WAS OF SUCH "GREAT, GREAT IMPORTANCE" THAT HE HAD BEEN ASKED TO PRESENT THE TURKISH GOVERNMENT'S VIEWS TO THE D PARTNENT.

2. FOLLOWING PRESENTATION OF AN INFORMAL NOTE WHICH HE GAVE
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PAGE 02 STATE 144700

TO US (TEXT BEING POUCHED), NURES EXPLAINED THAT THERE IS SOME LDC FEELING THAT THE TIME HAS NOW ARRIVED FOR THEM TO ,OFFICIALLY INDICATE THEIR POSSIBLE CONTRIBUTIONS TO THE MTN., FOR ITS PART TURKEY (A) IS REQUI9ED BY ITS ASSOCA-TION AGREEMENT WITH THE EC TO ADOPT THE CUT AND THEREFORE THE REDUCTION IN THE CUT WHICH WILL RESULT FROM THE TOKYO ROUND, WITH SOME EXCEPTIONS, AND (B) PROPOSED TO UNDERTAKE

'UNILATERAL' CUTS IN ITS OWN CUSTOMS TAXES, AT A LOSS OF \$50 MILLION IN DUTIES ON IMPORTS FROM THE US ALONE.

3. IN RETURN, TURKEY IS HOPING FOR US CONCESSIONS ON AGRICULTURAL PRODUCTS. ITS PRIMARY GOAL IS TO RETAIN THE US-OFFERED CONCESSION ON ORIENTAL TOBACCO. HOWEVER, DUE TO "WIDE RANGING REPERCUSSIONS, POLITICAL AND SOCIAL, " -

AS WELL AS ECONOMIC, , OR TURKEY, EVEN TO VISUALIZE CONCESSIONS TO THE US IN TOBACCO IS NOT POSSIBLE.'

4. NURES EMPHASIZED TURKEY'S CURRENT ECONOMIC PROBLEMS,ITS COMMITMENT TO AN OPEN, CO;PETITIVE WORLD SYSTEM AND ITS DESIRE TO PROMOTE IM,ROVED ANDMULTIFACETED RELATIONS WITH THE US. HE INDICATED THAT IT WOULD BE HELPFUL FOR THE UNITED STATES TO HAVE A FRIEND AMONG THE DEVELOPING COUNTRIES WHICH WOULD STATE THAT IT WAS SATISFIED WITH THE OUTCOME OF THE MTN,AND THAT WE WOULD GAIN IF TURKEY'S EXPORT EARNINGS INCREASED, BECAUSE THAT WOULD MEAN MORE IMPORTS FROM THE US.

5. WE TOLD NURES THAT OUR EVALUATION OF TURKISH OFFERS WOULD HAVE TO TAKE INTO ACCOUNT THE LAG BETWEEN TURKEY'S ACTUAL APPLICATION OF EEC TARIFFS AND THE IMPLEMENTATION OF MTN RESULTS. THE SECURITY AS WELL AS VALUE OF THE PROPOSED "UNILATERAL, CUSTOMS TAX REDUCTIONS WOULD ALSO LIMITED OFFICIAL USE

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PAGE 03 STATE 144700

BE AN IMPORTANT FACTOR. WE ASSURED HIM THAT WE WERE NOT EXPECTING FULL RECIPROCITY FROM TURKEY, AND THAT WE WANTED TO BALANCE OUR OVERALL GAINS FROM THE MTN BETWEEN INDUSTRIAL AND AGRICULTURAL TRADE. WE NOTED HIS GOVERNMENT'S VIEW THAT IT COULD NOT MAKE CONCESSIONS ON TOBACCO BUT TOLD HIM THAT IT WAS EQUALLY ESSENTIAL THAT THE US TOBACCO INDUSTRY BE SATISFIED WITH THE BALANCE OF THE OVERALL MTN GIVE-AND-TAKE IN THEIR INDUSTRY.

6. COMMENT: IT WAS CLEA9 FROM NURES' REMARKS THAT THE SOLE PURPOSE OF THE DEMARCHE WAS TO EMPHASIZE THAT TURKEY CANNOT MAKE TOBACCO CONCESSIONS FOR DOMESTIC POLITICAL REASONS AND THAT THE US OFFER ON TOBACCO SHOULD BE MAINTAINED AS THE ONLY APPROPRIATE RESPONSE TO THE TURKISH INDUSTRIAL OFFER. VANCE

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NNN

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Draft Date: 07 jun 1978
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